

FISCAL MEMORANDUM

SB 3444 - HB 3483

March 10, 2008

SUMMARY OF AMENDMENT (015000): Deletes the language of the original bill. Authorizes every child in Tennessee under the age of 24 whose parent retired with at least 30 years of full-time creditable service as a certified teacher in Tennessee, to receive a 25 percent discount on tuition to any state-operated institution of higher education. Such reduction is available to any child whether such parent is living or deceased.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$349,100/FY08-09
\$373,300/FY09-10

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$272,900/FY08-09
\$291,800/FY09-10

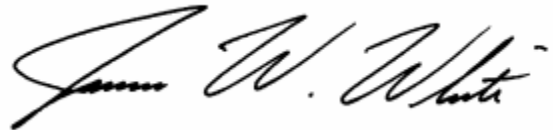
Assumptions applied to amendment:

- Lost revenues to higher education institutions would be replaced with state funds rather than higher tuition and fees.
- Approximately 54 percent or 18,579 retired teachers retired with 30 or more years of service.
- There are 4,815 retired teachers who are 59 years of age or younger. Approximately 54 percent or 2,600 retired teachers would have eligible dependents.
- The estimated participation rate for teacher dependents is 18.2 percent. This represents the number of retired teachers currently participating in the fee discount program to the total number of certificated personnel in the public school systems.
- The inclusion of deceased retired teachers would have a not significant impact on state expenditures.
- An estimated 473 full-time (FTE) students/dependents of retired teachers are expected to take courses (2,600 x 18.2%).
- The 25 percent tuition discount for each FTE student/dependent is estimated to be \$577 in FY08-09 and \$617 in FY09-10.

- First year costs (FY08-09) are estimated to be \$272,921 (473 x \$577 per FTE student).
- Second year costs (FY09-10) are estimated to be \$291,841 (473 x \$617 per FTE student).
- Tuition is estimated to increase at an average rate of seven percent per year.
- The cost of the Fee Discount for Teacher Dependent Program (FY04-05) was \$6,352,782. Of this amount, the state reimburses the schools between 23 percent and 25 percent of the cost of the program. This program is not based on space availability. All eligible students would be allowed admittance.
- The children of teachers receiving tuition discounts for previous years provide a fair representation of children expected to receive tuition discounts in the future, adjusted for an expected participation rate for children of retired teachers in proportion to current participants.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with a large initial "J" and a stylized "W".

James W. White, Executive Director

/rct